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Personnel Policy Manual for
Nonappropriated Fund Instrumentalities

The Deputy Assistant Secretary of Defense (Civilian Personnel Policy), Office of the Assistant Secretary of Defense (Force Management and Personnel), has authorized the following pen and page changes to DoD 1401.1-M, "Personnel Policy Manual for Nonappropriated Fund Instrumentalities," December 1988:

PEN CHANGE

Page III-9, subparagraph B.2.d.(4)(c)4. Delete.

PAGE CHANGES

Remove: Pages ii through x, II-1 through II-9, IV-3 through IV-8, V-1 through V-5, A-5 through A-7, and D-1&D-2

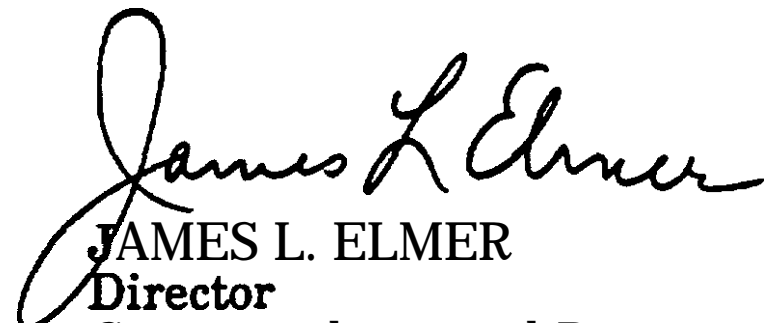
Insert Attached replacement pages

Changes appear on pages ii, iii, v, II-1 through II-4, II-6, II-7, II-8, IV-3 through IV-7, V-2, V-3, A-6, A-7, and D-1 and are indicated by marginal asterisks.

NAVSO P-6073, the Navy publication number, that appeared on the Change Transmittal of Change 1 to DoD 1401.1-M is applicable to Naval Components only.

EFFECTIVE DATE AND IMPLEMENTATION

The above changes are effective immediately. Forward two copies of the revised implementing documents to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy), Office of the Assistant Secretary of Defense (Force Management and Personnel), within 120 days.


JAMES L. ELMER
Director
Correspondence and Directives

Attachments: 32 pages

WHEN PRESCRIBED ACTION HAS BEEN TAKEN, THIS TRANSMITTAL SHOULD BE FILED WITH THE BASIC DOCUMENT

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CHAPTER II

EMPLOYMENT AND PLACEMENT

A. EMPLOYMENT

1. General Policy. Each DoD Component shall ensure that the recruitment, selection, placement, promotion, termination and other related personnel actions involving NAFI employees are in consonance with the fair employment practices and equal opportunity and treatment for both applicants and employees.

2. Specific Policies

a. Categories of Employees. Each DoD Component shall categorize its NAFI employees for purposes of establishing for each employee the status of his or her employment within one of the following definitional categories:

(1) Regular employees. Regular employees serve in continuing positions on a scheduled basis. They will be further categorized as "full-time" or "part-time", with a minimum **scehdule** of **20 hours per week.**

(2) Flexible Employees. Flexible employees serve in either continuing or temporary positions Up to **40** hours per week. The work may be scheduled in advance or may be on an as-needed intermittent basis.

b. Equal Employment Opportunity

(1) **The** Heads of DoD Components shall establish, maintain, and carry out a cent **inuing** affirmative action program designed to promote equal opportunity in every aspect of personnel policy and practice in the employment, development, advancement, and treatment of their **NAF I employees. This** includes aliens employed in the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the **United States.** This policy implements Executive Order 11478, **P.L.** 92-261, 42 U. S.C. **2000e-1,** and DoD Directive 1440.1.

(2) **The Head** of each DoD Component shall:

(a) Provide sufficient resources to administer its equal employment opportunity program among the **NAFIs** in a positive and effective manner.

(b) Conduct a continuing campaign to eradicate every form of prejudice or arbitrary discrimination based on race, color, religion, sex, age, national origin, or handicapped condition, from personnel policies, practices, and working conditions to include appropriate action against employees who display prejudice or arbitrarily discriminate in action or interaction with other employees.

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(C) Communicate this policy and program and employment needs to appropriate sources of job candidates and solicit their recruitment assistance on a continuing basis.

(d) Utilize to the fullest extent the present **skills** of employees by all means, including the redesigning of jobs where feasible.

(e) Consistent with the organization of the individual NAFI activity and the scope of available advancement opportunities, establish an Upward Mobility Program for **NAFI** employees that will provide the maximum feasible opportunity for employees to enhance their highest attainable levels of skills, knowledge, and abilities through on-the-job training, job **re-**engineering, and other development measures so that they may perform at their highest potential and advance in accordance with their capabilities.

(f) Provide orientation, training, and guidance to managers and supervisors to ensure their understanding and implementation of the equal employment policy program.

(g) Provide for participation at the local community level with other employers, schools, universities, and public and private groups in cooperative action to improve employment opportunities and community conditions that affect employability.

(h) Provide for counseling employees and applicants who believe they have been discriminated against and for informally resolving matters raised by them.

(i) Provide for the prompt, fair, and impartial consideration and disposition of complaints involving issues of discrimination.

(j) Establish a system for periodically evaluating the effectiveness of the overall equal employment opportunity effort.

c. **Employment of Relatives.** The employment, appointment, or promotion of relatives of commissioned officers, noncommissioned officers, and civilian officials who hold administrative positions in which they exercise jurisdiction **or** control over the employing NAFI is prohibited. Further, such officials may not advocate a relative's appointment, employment, promotion or advancement anywhere within the Department of Defense. This policy is consistent with provisions of 5 U. **S.C.** 3110. The policy does not prohibit the exercise of reemployment rights after military service as provided by the Military Selective Service Act of 1967, as amended. Component implementing directives should contain adequate instructions to ensure compliance with the provisions of 5 **U.S.C.** 3110 and Chapter 310, Federal Personnel Manual.

*
* d. **Employment of Minors.** The Heads of DoD Components may authorize the employment of minors, ages 14 and 15. The employment of persons under 18 *
* years of age shall be in accordance with the following:

(1) The Fair Labor Standards Act in that such persons may not be employed **in** or assigned to positions that are hazardous or detrimental to their health.

(2) Published state and local labor standards and requirements.

e. Employment of Retired U.S. Military Personnel. Retired members of the Uniformed **Services** shall be accorded the same rights and considerations as all other applicants for civilian employment in NAFIS. However, their employment shall be subject to the restrictions imposed by DoD Directive 1402.1.

f. Utilization of U.S. Off-Duty Military Personnel

(1) Subject to the provisions of DoD Directive 5500.7, enlisted personnel may be employed in a NAFI position after duty hours on other than a full-time basis. No NAP monies may be disbursed for payment of personal **services** to any military personnel, except as authorized above. Specifically precluded under the provisions of these instructions is the payment of NAF scheduled pay, bonuses, overtime pay, incentive pay, or any other remuneration for work performed by military personnel, while either on or off-duty, who are not employed in a NAFI position. Time worked in the military assignment shall not be used to determine the pay of **enlisted personnel** for duties performed in NAFI positions .

(a) **The** Heads of Components shall issue, for control purposes, specific instructions to preclude conflict of interest and preferential hiring of enlisted personnel who are assigned to a morale, welfare, recreation, billeting, or other activity supported by a NAFI as prime military duty.

(b) Compensation for off-duty hours worked **shall** be identical to that authorized in salary and wage schedules for civilian employees who perform similar duties and responsibilities.

(c) The total number of hours that off-duty enlisted personnel may work **in** one or more **NAFIs** shall not exceed 34 hours in any one administrative workweek.

(2) Active duty commissioned and warrant officers are prohibited from receiving compensation in any form from **NAFIs** except on an intermittent fee basis for services rendered in such capacities as officials at athletic events and participation in miscellaneous recreational and entertainment activities as approved by appropriate authority. Off-duty enlisted personnel may also be compensated for services rendered during these events on an intermittent fee basis, notwithstanding the provisions of subparagraph **A.2.f.(1)**, above.

g. Reinstatement

(1) Regular employees who are separated voluntarily or involuntarily, other than for cause, may be reinstated by any DoD NAFI at any time after the date of their separation. Except for the benefit entitlements under the provisions of Chapter VI of this Manual, such personnel shall be considered to have been in a leave-without-pay status with rights, privileges, and benefits accruing as set forth in this Manual.

(2) An individual suspended or removed for reasons of national

security may be restored to duty in a NAFI at the discretion of the Head of the DoD Component concerned.

h. Transfers. A transfer is the movement of a **NAFI** employee from one NAFI to another. Except as provided in subparagraph A. 2.h. (2) below, the transfer occurs without a break in service of over 1 workday.

(1) Transfer of Functions. A transfer of function is the transfer of responsibility for the performance of a continuing function from one NAFI to one or more other **NAFIs** within or between the DoD Components. An employee has no right to transfer with his or her function regardless of his or her personal preference, unless the alternative is separation or downgrading.

* (a) To provide equity and employment continuity, each regular NAF employee whose position is identified in a functional transfer between NAFIs, and who has the right to transfer, **will** be afforded the opportunity to transfer with his or her position. *

* (b) If the functional transfer results in a reduction in force (**RIF**) in the gaining **NAFI**, the **employee** who is qualified and who will accept employment **will** compete for placement with other employees for selection in the receiving **NAFI** with **full** credit for **all** prior regular **NAFI** service within the Department of Defense. *

* (2) A regular employee who has completed his or her probationary period and who is hired by a different **NAFI** within 6 months after removal from pay status because of **RIF** in a losing **NAFI** **will** be considered to have transferred **to** the gaining **NAFI** only for purposes **outlined** in subparagraphs **A.2.h. (3), (5), and (6)** below. *

(3) **An** employee **who has** transferred from one NAFI to another **NAFI** within DoD will be given service credit in the gaining **NAFI** for his or her prior DoD **NAFI** employment **in** accordance with the provisions of this Manual.

* (4) Upon transfer of a regular employee to another **NAFI** within DoD, the employee will be paid for the accumulated annual leave credited to his or her account. Eowever, if the transferred employee elects, and the losing and gaining **NAFIs** agree, annual leave credit and the funds to cover its cost may be transferred from the losing to the gaining **NAFI**. *

(5) All accumulated sick leave credit shall be transferred by the losing **NAFI** to the gaining NAFI provided the individual is placed in a pay status in the gaining **NAFI** within 6 months. However, no transfer of funds shall be made from losing to gaining **NAFI** for sick leave credits transferred. The gaining activity will assume the financial obligation.

* (6) When a regular DoD **NAFI** employee participating **in** a **NAFI** retirement plan is transferred due to transfer of function, or is hired by a different **NAFI** within 90 calendar days of removal from pay status because of **RIF** in the losing NAFI, and the gaining DoD **NAF** I off ers a different retirement plan, the employee is entitled to transfer of pension rights, so that on retirement the employee will draw a pension under the gaining DoD **NAFI** retirement plan, computed on total credited **NAFI** service with both losing and gaining **NAFIs**. Retirement credit **will** be in accordance with Chapter VI, *

paragraph C.3.e. and Appendix B, **subsection B.5.**, "Retention of Accrued Credited Service for Retirement Annuity Purposes ." Further, group **life** and health insurance coverage will be made available by the gaining DoD **NAFI** as described in Chapter VI, subsection **C.6**, effective with the date of application if the transferred employee files application for such coverage within 1 month from the date of employment with the **NAFI**.

i. Movement to NAP I Employment from Other Types of Employment. An employee in a public or private enterprise, whose duties are to be performed in a **NAFI**, may be employed by that **NAFI** without competition if the employee:

(1) Meets the citizenship requirement of the geographical area in which employed.

(2) Is qualified for the position.

(3) Has rendered at least 6 months of service in one or more positions in the previous employing activity immediately before being converted to **NAFI** employment.

(4) Is not precluded from **NAFI** employment because of dual compensation, nepotism, conflict of interest, or country-to-country agreement provisions.

j. Employee Move Cost-Reduction Program. In order to reduce costs to both the **NAFI** and to the employee, the Heads of DoD Components may establish an employee move cost-reduction program whereby an eligible employee may receive a monetary reward for opting to move his or her own household goods, for opting to sell his or her own house, or for opting not to ship a privately owned vehicle to or from overseas. The monetary rewards should be less than normal **NAFI** costs resulting from employee moves. Therefore, both the employee and the **NAFI** would benefit. Since the **AAFES** cost-reduction program has proven to be a success, the Heads of DoD Components are encouraged to use it as a guide in establishing Component programs.

B. RECRUITMENT, SELECTION, AND PLACEMENT

1. **General Policy.** Proper recruitment, selection and placement procedures are vital factors in the development of a viable and effective **NAFI** work force. To achieve this objective, the Heads of DoD Components, in the administration of their **NAFI** personnel, shall establish personnel management procedures which include careful job analysis; preparation of accurate job descriptions; establishment of the qualifications for positions; a broad source of applicants; objective selection procedures; and adequate indoctrination and supervision of the individual while on the job.

2. Specific Policies

a. Position Control

(1) At all times **NAFI** personnel management emphasis shall be to eliminate unnecessary positions at all levels, to increase productivity by improved control, and to ensure maximum utilization of **NAFI** worker hours. A continuing review of positions shall be conducted to ensure that requirements

are commensurate with operating needs.

(2) The Heads of DoD Components shall exercise strong supervision, through adjustments in the existing manpower resources of the employing **NAFI**, to ensure that established **NAFI** jobs do not exceed actual workload requirements.

b. Qualification Requirements. Establishment of realistic qualification standards and requirements for any **NAFI** position shall be based on factual job requirements. These qualifications shall be written so that the competition for the job is not restricted to any one individual. The qualifications of each applicant for a **NAFI** position shall be carefully reviewed and evaluated. The basic applicable principle is finding the best qualified person available for the job.

c. Employment Requirements

(1) To ensure that the most suitable and qualified persons are employed by **NAFIs** at all levels, the DoD Components shall ensure that established recruiting procedures are followed to the fullest extent practicable. These **include** submission of a complete and accurate application form, reference checks, and any security and other preemployment investigations deemed appropriate to the position, and compliance with **P.L. 99-603**, " Immigration Reform and Control Act of 1986, " and Immigration and Naturalization Service Rules necessitated by it.

(2) The suitability of applicants will be determined by utilizing as a guide the provisions of Chapter **731** of the Federal Personnel Manual. Candidates for assignment to positions of trust **will** be scrutinized. Compliance with DoD 5200. 2-R, "DoD Personnel Security Program, " is required before placing an individual in a position of trust; such positions are to be designated by the Components. An individual who does not meet established suitability requirements may not be employed without prior approval of the local commander.

d. Veteran Employment Preference. preference in employment, **at** the time of hire only, will be given to qualified applicants who meet (1) one of the veterans preference eligibility criteria in 5 U. S .**C.** 2108 and (2) the minimum service requirements in FPM Supplement 296-33, provided they are equally qualified for the vacant position. (Exception: See Chapter II, paragraph D. - especially D. 9. - and Chapter VII, paragraph **B.1.a.**)

e. Veteran Restoration Rights. Veteran restoration rights after military service shall be administered in accordance with provisions contained in 38 **U.S.C.** 2021, et seq.

f. Training and Career Development. The Heads of DoD Components may institute career development programs for **NAP** employees in order to attract and retain a well-qualified work force. These programs shall embody training, counseling, appraisal and other improvement devices that will enable employees to develop and progress.

g. Work Performance Appraisals. The work performance of **NAFI** employees shall be evaluated fairly and objectively on both a scheduled and

continuous basis with the results of such evaluation discussed with each individual employee.

* h. Employee Records and Files *

(1) The Heads of DoD Components shall ensure that **NAFI**s keep and maintain records in compliance with the Fair Labor Standards Act of 1938, as amended. Additionally, the Heads of DoD Components shall ensure that adequate records are maintained on all employees. Records shall include all official personnel documents effected during an employee's service. An employee's right to review his or her records and the protection of his or her privacy shall be in accordance with P.L. 93-579, the Privacy Act of 1974 (5 U.S.C. 552a).

(2) Except as provided in (a) below, **NAFI** health units operating under the control of a medical officer or a registered nurse under medical supervision shall retain records of medical examinations and other miscellaneous medical records and keep them confidential. Otherwise, they shall be kept in a separate locked cabinet during the employee's **NAFI** service and may not be made a part of the official personnel folder.

(a) Medical certificates and any other medical records of examinations used to determine an employee's fitness for the job are permanent records and shall be placed in a sealed envelope. The employee's name (last, first, middle initial), date of birth, and social security number, as illustrated in DoD 5000.12-M, shall appear on the envelope in its upper right hand corner, and the envelope shall be attached on the right side of the official personnel folder. The envelope shall remain attached until the employee's folder is acquired by another **NAFI** at which time the receiving **NAFI**, upon receipt of the folder, shall remove the sealed envelope and place its contents either in the health unit or in a locked cabinet for safeguarding medical records.

(b) Miscellaneous medical records, correspondence, dispensary records, and similar papers of temporary value shall be disposed of in accordance with the records disposition schedule of the DoD Component concerned.

(3) **Records disposition** shall be accomplished in accordance with instructions contained in the official records disposition schedule for DoD Nonappropriated Fund **Employee** Personnel Records as approved by the General Services Administration, National Archives and Records Service, on June 29, 1983, as may be amended. When the employment of an individual is terminated, the personnel folder shall be marked "Inactive" and filed in an inactive file. These folders shall be retained by the employing **NAFI** until proper disposition in accordance with the above-mentioned official records disposition schedule. Disposition of temporary records shall be in accordance with the above-mentioned official records disposition schedule. When a terminated employee is employed by another **NAFI**, the employee's personnel folder, upon request, shall be forwarded by the holder to the new employer.

(4) In an effort to expedite requests for information relative to retirement benefits or personnel data, the DoD Components shall advise, in writing, separating employees where they may obtain the desired information or record.

* i. Volunteer Service. **The** Heads of DoD Components (a) may prescribe * regulations to provide for accepting volunteer services; and (b) prior to accepting volunteer services, tort liabilities and workers' compensation liabilities that may be incurred by their utilization shall be weighed .

* j. Supervision of Appropriated Fund **Employees.** There is no legal * prohibition against the supervision of appropriated fund employees within the DoD Components by NAP employees.

* k. Details of **Employees.** A detail is a *temporary* assignment of an * employee for a specified period, with the employee returning to his or her regular duties at the end of the detail. A **detail** to a lower-level position shall not adversely affect the employee's salary, classification, or job standing. Details of more than 60 days made to a higher grade position, or to a position with known promotion potential, **shall** be done under the merit promotion and staff ing program.

C. AFFIRMATIVE ACTION FOR HIRING, PLACEMENT, AND ADVANCEMENT OF HANDICAPPED INDIVIDUALS

1. The Heads of DoD Components **shall** give full consideration to employment of handicapped individuals in all **NAFIs**, and shall ensure implementation of **all** required laws, executive orders, rules, and regulations, including applicable regulations of the Equal **Employment** Opportunity Commission and the Office of personnel Management. In meeting these requirements, **NAFIs** will ensure that qualified handicapped individuals, including current employees who became disabled after appointment, have equitable opportunist ies to be hired, placed, and advanced in NAFI jobs. **In** addition, the Heads of DoD Components are authorized and encouraged to use any civil service provisions for hiring handicapped individuals that do not cover **NAFIs** as a guide to further develop policies and programs that will foster the effort to promote and expand employment opportunities for handicapped individuals so that their skills may be utilized.

2. Affirmative action is to be an integral part of ongoing Component personnel management programs, as evidenced by persons with disabilities being employed in a broad range of grade levels and occupational series commensurate with their qualifications and by Component policies that do not unnecessarily exclude or limit persons with disabilities because of job structure or design or because of architectural, transportation, communicant ion, procedural, or attitudinal barriers.

D. **EMPLOYMENT OF** SPOUSES OF MILITARY PERSONNEL

The Heads of DoD Components **shall** provide employment preference for spouses applying and referred for certain **nonappropriat** ed fund positions in all employment categories at grade levels **UA-8** and **below** and equivalent positions and for positions paid at hourly rates in accordance with DoD Instruction 1404.12.

his or her scheduled work (hour "for hour) equal to the compensatory overtime worked.

(2) **An** employee's election to work compensatory overtime or to take compensatory time off to meet his or her religious obligations may be disapproved if such modifications in work schedules interfere with the efficient accomplishment of the assigned mission.

g. Flexible and Compressed Work Schedules. The Heads of DoD Components may authorize flexible and compressed work schedules. Procedures established shall be in accordance with **P.L.** 99-196, December 23, 1985.

2. Leave

a. **Leave Sharing or Donation.** The Heads of Components may establish a program that permits employees to donate annual and sick leave for the use of other employees for medical or family emergency or other hardship situations. It is suggested that the OPM programs for civil service employees be used as a guideline.

b. Annual

(1) **Leave Authorization.** The appropriate authority shall authorize and schedule annual leave when the workload permits and, whenever possible, at the convenience of the employee. Such leave shall be earned by incumbents who are designated as regular employees (including those off-duty military personnel classified in the latter category). The amount of annual leave earned depends on the employee's total length of creditable service.

(2) **Creditable Service.** Total creditable service shall be determined as follows:

(a) **All** prior DoD **NAFI** service, including service with current employer, as a regular employee.

(b) All active uniformed service, except for certain retired members of the uniformed services as outlined below, terminated by honorable discharge under honorable conditions or by **transfer** to inactive reserves under honorable conditions is creditable for determining the annual leave accrual rate. For an employee who is a retired member of any of the uniformed services, credit is restricted to the actual active service in the Armed Forces during wartime or in any campaign or expedition for which a campaign badge has been authorized. If the retired member meets one or more of the following conditions, all of his or her active service is counted for leave accrual purposes:

1 The retirement was based on disability resulting from injury or disease received in the line of duty as a direct result of armed conflict.

2 The retirement was based on disability caused by an instrumentality of war and incurred in the line of duty during a period of war (as defined in sections 101 and 301 of Title 38, United States Code).

3 On November 30, 1964, the retired member was employed in a civilian office to which the **annual** and sick leave law applied, and continues to be employed **in** an office of this kind without a break in service of more than 30 days.

(Note: The above provisions, set forth in subparagraphs **B.2.b.(2)(b)1,2,** and 3, are effective as of February 16, 1983. The leave accrual rate **shall be** adjusted as of this date. Recomputation of leave for employment periods before February 16, 1983 is not authorized.)

(C) Fractional parts of months shall be included in determining length of service. However, the total length of service shall be stated in terms of complete months.

(d) Credit for Military Training. Civilian employees of NAFIs who are called to active duty for short periods of time (not to exceed 6 weeks) with Reserve components of the **U.S.** Armed Forces shall continue to accrue annual leave credit during such periods. **Nondut** y time while in Reserve components is not creditable.

(3) Exemptions. No employee who is currently **in** a leave category as a result of more liberal provisions of the separate DoD Components before 6 September 1974 shall be penalized by being placed in a lower category for leave accrual or accumulation purposes.

* (4) Annual Leave Accrual. Annual leave shall be accrued by regular employees while in a pay status, excluding overtime hours worked in excess of 40 hours during the basic workweek. **Employees** receiving benefits under the Longshoremen's and Harbor Worker's Compensation Act and carried on the rolls of the employing **NAFI** in a leave-without-pay status do not accrue annual leave. *

(a) Employees with less than 3 years of service **shall** accrue 5 percent of the **total** hours in the basic workweek.

(b) Employees with 3 years but less than 15 years of service shall accrue 7.5 percent of the total hours in the basic workweek, except for the final biweekly period of the leave year when leave shall accrue at the rate of 12.5 percent of the total hours in the basic workweek.

(c) Employees with more than 15 years of service shall accrue 10 percent of the total hours **in** the basic workweek.

(5) Time of Crediting. The accrued leave is credited to the employee's individual leave record upon completion of the 90-calendar-day qualifying period; thereafter, at the end of the period in which it is earned.

(6) Changes in Rates of Accrual

(a) Changes in the rates of accrual are effective at the beginning of the first pay period following the completion of the prescribed service.

(b) When a change from a 7.5 percent to a 10 percent leave

category occurs at the beginning-of the last full biweekly pay period in the calendar year, the employee's leave credit for that period shall be computed at 12.5 percent of hours in a pay status.

* (7) Commission or Incentive-Paid Employees. Commission or incentive-paid employees are covered by the same annual leave policy which applies to regular employees. However, the computation of the annual leave pay to such employees shall be on the basis of hourly pay rate equivalents derived from the application of classification standards to the job. The employee's wage rate step of the currently authorized wage schedule for the appropriate job grade shall be used in determining the base rate for computing the earned annual pay. *

c. Sick Leave

* (1) Eligibility. Sick leave shall be credited to incumbents who are designated as regular employees (including those off-duty military personnel classified in this latter category). There is no qualifying period for the crediting of sick leave. *

* (2) Granting Sick Leave. All regular employees who have sick leave to their credit may be granted such leave for legitimate medical reasons. *

(3) Sick Leave Credit Accruals

* (a) Sick leave credits shall accrue at the rate of 5 percent of the total basic workweek hours in a pay status and shall be credited from the date of appointment to regular status. *

(b) Sick leave credits including those accrued while on annual or sick leave, are credited to the employee's account at the end of the pay period in which accrued.

* (4) Commission or Incentive-Paid Employees. Commission or incentive-paid employees are covered by the same sick leave policy which applies to regular employees. However, the computation of the sick leave benefits to such employees shall be on the basis of hourly pay rate equivalents derived from the application of classification standards to the job. The employee's wage rate step of the currently authorized wage schedule for the appropriate job grade shall be used in determining the base rate for computing the sick leave benefits. *

(5) Accumulation of Sick Leave. There is no limit on the amount of sick leave that employees may accumulate and carry forward from one year to another. No payment for unused sick leave shall be made to an employee under any circumstances.

* (6) Sick Leave Credits. Sick leave credits shall be transferred between **NAFIs** provided that the employee (a) did not retire from the losing **NAFI**, (b) is placed in a regular pay status in the gaining **NAFI** within 180 calendar days (or longer if Head of Component deems it appropriate) of removal from pay status in the losing **NAFI**, and (c) did not receive service credit for unused sick leave in accordance with subsection A. 1. of Appendix B. *

(7) On-the-Job Injury. An employee covered by workers' compensation insurance (5 U.S.C. 8171) shall be granted sick leave payments from the employee's accumulated sick leave balance in an amount which, when added to workers' compensation benefits, approximates but does not exceed the employee's basic salary.

* d. Excused Absence. The Heads of DoD Components or, designees, may authorize time off with pay to any NAFI employee. *

e. Absence for Maternity or Paternity Reasons

* (1) Leave for Maternity Reasons. Regular employees may request sick leave, annual leave, and/or leave without pay when incapacitation related to pregnancy and confinement has been properly established by medical authority. An absence covering pregnancy and confinement shall be treated as any other medically certified temporary incapacitation. *

* (2) Leave for Paternity Reasons. Regular male employees may request annual leave and/or leave without pay for purposes of assisting or caring for their children or the mother of the newborn child while she is incapacitated, as established by medical authority, for maternity reasons. *

(3) The Heads of DoD Components shall apply the **same** leave policies, regulations, and procedures in cases of requests for maternity or paternity absences as are applicable to requests for leave generally.

f. Military Leave

* (1) Regular full-time civilian employees who are members of Reserve Components of the Armed Forces of the United States, including the National Guard, are entitled to excused absence up to a maximum of 15 days per fiscal year without loss of pay, time, or performance rating when called to active duty or active duty for training. Any part of this excused absence that is not used in any given fiscal year accumulates for use in succeeding fiscal years, not to exceed a 15-day maximum carry-over. Therefore, "an eligible employee could have a maximum total of 30 days to his/her credit for use during a fiscal year. *

* (2) In the case of regular civilian employees, who work less than full-time, the rate at which leave accrues shall be a percentage of the rate prescribed under subparagraph **B.2.e.(1)**, above. The percentage shall be determined by dividing the number of hours in the employee's regularly scheduled workweek by the total number of hours that constitutes the normal full-time workweek of the employing **NAFI**. *

* (3) Regular civilian employees who are called to active duty for the purpose of providing military aid to enforce the law may be granted additional military leave not to exceed 22 workdays in a calendar year. These employees shall be granted leave upon presentation of competent orders. **Compensation** (other than a travel, transportation, or per diem allowance) received by an employee for such military **services** shall be credited against the pay payable to an employee with" respect to his or her NAFI position for such period of military service. Military leave is to be granted only for workdays; the **NAFI** civilian pay of the employee **shall be** reduced only by the amount received *

for military service performed on a workday. The NAFI civilian pay shall not be reduced by any amount an individual may receive for days that are not workdays.

(4) Leave without pay may be granted employees for the following other types of military service:

(a) Summer training as members of Reserve Officers **Training** Corps.

(b) Temporary Coast Guard Reserve duty.

(C) Participation in parades by members of the State National Guard. (However, members of the National Guard in the District of Columbia are entitled to military leave with pay for participation in parades.)

(d) Training with a State Guard or other State military organization.

(e) Civil Air Patrol duty.

g. Court Leave

* (1) Upon advance submission of a court order, subpoena, summons, or any other judicial notification, regular employees shall be granted paid court leave for jury duty; to appear in court in an unofficial capacity as a witness on behalf of the **U.S. Government** or the Government of the District of Columbia; and to appear in court in an unofficial capacity as a witness on behalf of private parties where the United States, the District of Columbia, or a State or local government **is** a party to the proceedings. The court may be a Federal, District of Columbia, State, or local governmental-unit court. This provision does not apply to an employee appearing as a witness in a judicial proceeding that involves only private parties. *

* (2) Regular employees on court leave shall receive their regular pay for such time or shall retain the court fees received from the court, whichever is the greater amount. If the court fees are the lesser amount, such fees, exclusive of transportation when separately identified or otherwise identifiable, shall be turned over to the employing **NAFI**. However, when a State statute provides for reimbursement of expense or an expense allowance rather than a jury fee, employees shall receive their regular pay and the money paid by the court. *

h. Leave Without Pay. Leave without pay may be granted an employee who is receiving benefits under the Longshoremen's and Harbor Worker's Compensation Act (Chapter IV, subparagraphs B. 2.a. (4) and B.2.b. (7)) and a regular full-time or regular part-time employee for military service (Chapter IV, paragraph B. **2.e.**). Upon request, such leave may be granted instead of annual or sick leave. Such leave may not be granted for a period exceeding 1 year except for military service and other circumstances considered appropriate by the Head of the DoD Component or designee.

* **i.** Military Furlough. Military furlough shall be granted to a regular employee for induction or **recall** to active duty in one of the **U.S.** Military *

Services. An employee returned" "to duty from military furlough shall have the same seniority, status, pay, and annual leave accrual entitlements that the employee would have enjoyed had he or she remained at work instead of being placed on furlough.

CHAPTER V

PERSONNEL RELATIONS AND SERVICES

A. EMPLOYEE-MANAGEMENT RELATIONS POLICY

In conformance with the provisions of DoD Directives 1426.1 and 1400.5, the Heads of DoD Components in their management of **NAFI** personnel shall recognize and strive toward the establishment of orderly and constructive relationships between managerial and **nonmanagerial personnel**. Continued and unimpeded communications are vital factors to an **informed** and productive work force. These extend to a thorough understanding of conditions of employment, job requirements, employee rights, privileges, and responsibilities of both management and employees.

1. Standards of Conduct. The nature of many of the activities supported by nonappropriated funds administered by the DoD Components is such that the civilian employees and assigned military personnel shall exemplify the highest standards of personal conduct and integrity. The provisions of DoD Directive 5500.7 are applicable to NAFI employees. The Heads of DoD Components shall ensure that their **NAFI** employees are **fully** acquainted with all aspects of the government's standards for ethical conduct.

2. Loyalty. The Heads of DoD Components shall ensure that no person will be employed or sent inue to be employed at a NAFI who:

a. Advocates the overthrow of the U.S. Government.

b. Is a member of an organization that advocates the overthrow of the U.S. Government.

c. Participates In any strike against the government, including all instrumentalities of the government.

3. Political Activity

a. The principles of 5 U.S. C. 7324 relating to political activity of government employees are hereby administratively **extended** to NAFI employees to the extent that no employee shall:

(1) Use off **icial** authority or influence for the purpose of interfering with an election or affecting its results.

(2) Take any active part in a partisan political campaign.

b. **NAFI** employees retain the right to vote as they choose; express their opinions on all political subjects and candidates; and participate in nonpartisan political activity. Also, an employee may hold a State, territorial, and local office if **it** does not conflict with duties, laws, or executive orders. No inquiries shall be made concerning the political affiliation of an employee or applicant for employment, and any disclosures of political affiliation shall not be considered in the employment process of the employee or applicant for employment.

c. Determinations as to violations of the above policy will be made by the Head of the DoD Component in which such violations are alleged to have occurred.

4. Business-Based Actions

a. Business-based actions are non-disciplinary, involuntary, and adverse personnel actions that are necessary to conduct business in an effective manner. Business-based actions include, but are not limited to:

- (1) Reduction in pay.
- (2) Reduction in hours of work.
- (3) Reduction in pay **level**.
- (4) Furlough.
- (5) Change in employment category.
- (6) Reduction in pay level based on reclassification of position.
- (7) Separation.

b. The Heads of DoD Components shall establish procedures for effecting business-based actions with a minimum of disruption to operations.

5. Employee Grievances

a. NAFI employees shall have the right to present their complaints and grievances to management officials for prompt and equitable consideration. The Heads of DoD Components shall establish procedures for deciding grievances of employees in an equitable and timely manner.

b. Where a labor organization has exclusive recognition, any negotiated grievance procedure shall be governed by 5 **U.S.C.** 7101 et **seq.**, as implemented by DoD Directive 1426.1 and DoD 1400.25-M.

c. The employee grievance procedure may be used to resolve employee disputes of business-based actions and disciplinary actions of suspension of 30 days or less.

6. Disciplinary Actions

a. A disciplinary action is a personnel action affecting a regular **employee** that reduced the employee's basic pay or level; placed the employee in a **nonpay**, nonduty status; or separated the employee from NAFI employment and that was effected for cause; i.e., the disciplinary action stemmed directly from the actions of the effected employee.

b. Disciplinary actions do not include:

- (1) Business-based actions.

(2) Actions taken as the result of termination of temporary promotion.

(3) Separation or change to lower pay or level when voluntarily initiated by the employee.

(4) Application of a revised prevailing rate schedule when there is no change to **the** position.

(5) Actions taken as a result of an employee abandoning his or her position.

c. Procedures for Processing Disciplinary Actions and Appeals. The Heads of DoD Components shall issue regulations and procedures for processing disciplinary actions and for handling employee appeals of disciplinary actions that result in reduction of pay or in separation. That appeals process shall include a final appellate decision above the **level** of Installation Commander or General Managers of the Army and Air Force Exchange Service.

7. Intensive Awards and Recognition Programs. Recognizing that NAFI employees at all levels share responsibility for the efficient and economical operation of the activity in which they are employed, incentive awards programs shall be established to the extent feasible, and within resources available, for the purpose of improving these operations and recognizing **deserving** employees.

8. Occupational Safety and Health. The administrators of NAFI personnel shall create and maintain a safe and healthful environment for their employees and for the users of facilities managed for the morale, welfare, and contentment of military personnel, their dependents, and authorized civilians. All safety and health regulations shall be strictly adhered to by NAFI employees in accordance with DoD Instruction 6055.1. Where safety technicians are not available within the installation, outside consultants shall be used.

9. Drug and Alcohol Abuse. The Heads of Components shall ensure that drug and alcohol abuse control programs are available to NAFI employees in accordance with the provisions of **DoD** Directive 1010.4.

B. LABOR-MANAGEMENT RELATIONS POLICY

The Federal Service Labor-Management Relations Statute, 5 U. **S.C.** 7101 et seq., is implemented within the Department of Defense **by** DoD Directive 1426.1 and DoD 1400. 25-M. The statute, as implemented by these DoD issuances applies to Nonappropriated Fund Instrumentalities (see 5 U. **S.C.** 7103 (a) (2) and (3) and DoD 1400.25-M, Chapter 711).

C. ENTITLEMENT TO PERSONAL SERVICES AND GOVERNMENT QUARTERS

The privileges afforded **NAFI** employees shall be consistent with those available to appropriated fund employees. In addition, the personal use of the **facilities** of the NAFI in which an individual is employed may be authorized by local commanders when the use by regular eligible patrons is not diminished. The entitlement of 5 **U.S.C.** 5911, (Government Quarters and Facilities) as well as any other regulations prescribed by the President and deemed to be necessary and

appropriate to carry out the provisions of this section, are hereby administratively extended to NAFI civilian personnel. The Heads of DoD Components shall prescribe the regulations necessary to carry out the provisions of 5 U. S .C. 5911. Except in isolated situations in which the only suitable quarters and facilities available are government-owned, NAFI employees will be **expected** to secure them from the private sector. Also, exceptions may be made when, in the judgment of the commander, the mission of the installation will be better accomplished by having certain key administrative **NAFI** personnel quartered on the installation. The occupation of Government quarters on a temporary basis by NAFI employees while traveling on official business is authorized.

D. "WHISTLEBLOWER" PROTECTION FOR NAFI **EMPLOYEES** AND APPLICANTS DISCLOSING INFORMATION

The DoD Components shall ensure that the confidentiality of employees and applicants making disclosures are protected fully. In accordance with 10 U.S. C. Chapter 81, **NAFI** employees and applicants for **NAFI** employment may not **be** impeded from disclosing information to appropriate authority that they reasonably believe evidences:

1. A violation of any law, rule, or regulation; or
2. Mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific damage to public health or safety.

DoD Directive 7050.1, "Defense Hotline Program" May 20, 1987, establishes the DoD Hotline for reporting fraud or mismanagement, assigns responsibility and prescribes managing and operating procedures.

Concerning protection against reprisals, DoD Directive 1401.3 provides policy and implements **P. L. 98-94, DoD Authorization Act, 1984, section 1253 (10 U.S.C. 1587) which** establishes protection against reprisals for certain NAFI civilian employees and applicants who have made protected disclosures. DoDD 1401.3 sets forth responsibilities and authorities for providing such protection and prescribes operating procedures.

K. WITHIN-GRADE INCREASES

1. Step Increases. An employee whose performance has been determined acceptable, and who has completed creditable service since his or her last equivalent Increase in accordance with the following table, shall receive a within-grade increase.

	Steps 1/2/3	Steps 4/5/6	Steps 7/8/9
Calendar Weeks	52 weeks in each step	104 weeks in each step	156 weeks in each step

2. Creditable Service

a. Continuous full-time, part-time, temporary, and regularly scheduled intermittent NAFI employment **is** creditable service in the computation of a waiting period. Service credit is given for this employment during periods of annual, sick, and other leave with pay; advanced annual and sick leave; and service under a temporary appointment. Time in a nonpay status is creditable when it does not exceed, in the aggregate:

- (1) Two workweeks in the waiting period for steps 2, 3, and 4.
- (2) Four workweeks in the waiting period for steps 5, 6, and 7.
- (3) Six workweeks in the waiting period for steps 8, 9, and 10.

b. Leave of absence is creditable when it is granted an employee because of an injury for which compensation is payable, as is service with the Armed Forces during a period of war or national emergency.

3. Equivalent Increase. A new waiting period must be started if the employee receives an "equivalent increase." This equivalent increase is defined as an increase (or increases) in basic pay equal to or greater than the amount of the within-grade increment of the grade in which the employee is serving.

a. When an employee has served in more than one grade during the waiting period under consideration and **it** is necessary to determine whether he or she received an equivalent increase in a prior grade, an equivalent increase is an increase (or increases) in his or her scheduled rate of pay equal to or greater than the amount of the smallest within-grade increase for advancement between steps of the prior grade.

b. When an employee receives more than one increase in his or her scheduled rate of basic pay during the waiting period under consideration, none of which are equivalent increases, the first and subsequent increases are added until they amount to an equivalent increase, at which time he or she is considered to have received an equivalent increase.

c. The waiting period "under consideration" is that immediately preceding an employee's current entry into the rate of the grade in which he or she is now serving.

d. **Increases** not counted as equivalent increases are salary increases for UA employees resulting from a statutory increase for **GS** employees; wage increases granted under a wage system; increases resulting from the establishment of higher minimum pay rates by the **OPM**; quality step increases; territorial and foreign post differentials and cost of living allowances; and premium pay for overtime, night, or holiday duty.

(1) The waiting period for earning a within-grade increase during temporary promotion begins on the date of the temporary promotion and not on the date of the last equivalent increase in the regular grade.

(2) Upon being returned to the regular grade, an employee who was temporarily promoted is placed in the rate **and** given the waiting period credit that the employee would be entitled to if the employee had remained in the lower grade.

L. QUALITY STEP INCREASES

The Heads of DoD Components may authorize quality step increases to recognize and reward those regular **UA** employees who display continuing high quality performance.

M. IDENTIFICATION OF **EXEMPT** AND **NONEXEMPT** UA POSITIONS

In accordance with Chapter III, subparagraph B. 2.d. **(2)** (b), in those geographical areas covered by the **FLSA**, as amended, UA position descriptions containing executive, administrative, and professional duties shall be annotated as "Exempt. " Those position descriptions which do not meet the tests for exemptions pursuant to section 13(a) (1), FLSA, as amended, and as prescribed in **FPM** Letters, 551 series shall be annotated "Nonexempt ."

N. OVERTIME AND OTHER **PREMIUM** PAY

1. Overt ime

* a. Employees in geographical areas covered by the FLSA shall have their
* pay set in accordance with the following:

* (1) Exempt **Employees**. No employee identified as exempt may be
* paid overtime pay or given compensatory time off for work in excess of 40 hours
* in an administrative workweek, unless the overtime pay or compensatory time off
* is specifically authorized in advance, or pay for administratively
* uncontrollable overtime has been authorized. The doctrine of compensation for
* hours "permitted or suffered" to be worked shall not apply. Overtime rates,
* compensatory time off and administratively uncontrolled overtime pay shall be
* determined by application of the **GS** rules.

* (2) Nonexempt **Employees**. By the FLSA, employees identified as
* nonexempt shall be paid overtime in consonance with the FLSA overtime
* provisions.

* b. **Employees** in areas not subject to the FLSA shall be paid overtime *
* or given compensatory time off, in accordance with the rules for **GS** employees, *
* for work in excess of 40 hours in a week. *

2 . Other Premium Pay

* a. The Heads of Components, and the Commander, **AAFES**, shall establish *
* rules for payment of shift differential, where required. The basic policy is *
* to pay shift differentials only in those localities where it is a prevailing *
* practice. *

* b. Holiday pay and leave may be authorized in accordance with rules *
* established by the Heads of Components and the Commander, **AAFES**. *

* c* Sunday premium pay may be authorized in accordance with rules *
* established by the Heads of Components and the Commander, **AAFES**. *

0. DETAILS

Details of a UA employee to perform the duties of another position, as distinguished from actually being appointed or assigned to the position, shall be governed by paragraph B. 2.1., Chapter II, of this Manual. Employees **who** are improperly detailed to higher grade positions shall be allowed retroactive temporary promotions with backpay. A UA employee temporarily assigned to work of a higher grade may be temporarily promoted to the higher grade under the merit **promotion** and **staffing program** and **given** the **pay** of that Position.

.. APPENDIX D

NAP PAY ADMINISTRATION
(Hourly Paid **Employees**)

A. GENERAL

1. Purpose. This Appendix supplements and complements governing pay policies and procedures prescribed by the Office of Personnel Management (**OPM**) in **FPM** Supplement 532-2, subchapter s8, **NAF** Pay Administration. While subchapter S8 applies only to **Nonappropriated**, Nonappropriated Leader, and Nonappropriated Supervisor (**NA-NL-NS**) positions and employees (that is, "prevailing rate," Crafts and Trades (CT)) in accordance with the provisions of this Manual, instructions contained in subchapter s8 have been generally applicable to Administrative Support (AS) and Patron Services (**PS**) positions and employees. "Generally applicable" means that the legal requirements and policies enunciated by OPM and which also incorporate appropriate Comptroller General decisions for NAP "prevailing rate" positions shall also apply to AS and PS categories. For overtime and other premium pay, Section N. of Appendix A shall apply to the AS and PS prevailing rate categories. **Appendix** A of this Manual provides guidance concerning pay policies and procedures for Universal Annual (**UA**) positions and employees.

2* Responsibility. The DoD Components shall integrate the instructional and explanatory material in this Appendix into their internal **NAF** pay administration directives.

3 Format*. The clarification and examples are numbered and lettered, with pertinent headings also provided for easy reference to the corresponding sections of FPM Supplement 532-2, subchapter S8, and they should be reviewed when the provisions of that document are being applied.

4. Future Amendments. As additional clarification of FPM Supplement 532-2, subchapter S8 and related instructions become warranted, the Appendix will be amended.

B. SECTIONS OF SUBCHAPTER S8 CLARIFIED

1. GENERAL (s8-1)

a . Introduction (S8-1 .a) . For purposes of subchapter S8 and this **Appendix** , the term "lead agency" means the DoD Wage Fixing Authority.

b. Agency Responsibility (S8-1.b) . "Agency" as used in this Appendix includes the DoD Components, as defined in this Manual. Unless authority is delegated to subordinate levels, Component headquarters are responsible for (1) defining the period of seven consecutive calendar days that make up each employee's administrative workweek, and (2) determining each **employee's basic workweek**. (See definitions of these terms under section s8-2.)

1 **TO BE USED ONLY IN CONJUNCTION WITH FPM SUPPLEMENT** 532-2, S8. Section and paragraph titles within this Appendix are followed by parenthetical references to the part of *FPM* Supplement 532-2, s8 being discussed.

2. DEFINITIONS (S 8-2)

a. Scheduled Rate of Pay (S8-2. a. (2)) . **This** is any rate corresponding to the appropriate grade and step on the NA, NL, NS, AS, or PS wage schedules issued by the DoD Wage Fixing Authority, including a retained rate of pay and rate on temporary promotion when applicable.

b. Employee (S8-2. a.(3))

(1) NAF Prevailing Rate Employee. This term is used interchangeably with the term "NAP Crafts and Trades" employee. An employee of a DoD NAFI who is employed in a recognized craft or trade or other skilled mechanical craft, or in an unskilled, semiskilled, or skilled manual labor occupation, and any other individual, including a foreman and a supervisor, in a position having craft, trade, or laboring experience and knowledge as the paramount requirement.

(2) In Chapter III of this Manual the definition of "employee ," as used in subchapter s8, has been extended administratively to include:

(a) Administrative Support (AS) Employee. This category includes those employees who perform clerical , secretarial, and administrative work that is of an office or **nonmanual** nature , and who are paid on an hourly pay schedule.

(b) patron Services (PS) Employee. **This** category includes those employees who **perf orm** work requiring skill and knowledge in selling food and retail merchandise and in providing personal, recreational, and amusement services, as well as a variety of other morale support activities. They are paid on an hourly pay schedule.

(3) The term "**nonwage** ," where used, means universal Annual.

c. Highest Previous Rate (S8-2 .a. (6)). For the purpose of setting rates for employees **in** NAP positions, the term "highest previous rate" will include those pay rates previously paid to employees in AS, PS, or UA positions, in addition to NA, NL, and NS positions.

d. Representative Rate (S8-2.a. (7)) . The term "General Schedule, " as used in this definition, also means the UA schedule.

e. Promotion (S8-2.a. (8)). The term "General Schedule, " as used in this def **init** ion, also means the UA schedule.

f. Change to Lower Grade (S8-2.a. (9)) . The term "General Schedule, " as used in this definition, also means the UA schedule.

g. Premium Pay (S8-2 .a. (14)) . This term means additional compensation for overtime work, Sunday work, and standby duty, as well as callback overtime work and holiday work.

h. Basic Workweek (S8-2. a.(17)) . An employee's basic workweek, as **de-** fined, shall always be scheduled in advance of the 1st day of the administrative workweek in which it occurs.